

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

OES-05 SP-02 SS-15 STR-04 TRSE-00 FRB-01 EA-10 IO-10

NEA-09 OPIC-06 LAB-04 SIL-01 SSO-00 NSCE-00 INRE-00

USIE-00 PA-02 PRS-01 /132 W

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O 211328Z MAR 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 6126

UNCLAS SECTION 01 OF 02 OECD PARIS 07203

E.O. 11652: N/A

TAGS: ENRG, OECD

SUBJECT: IEA: CHAIRMAN DAVIGNON'S PRESS STATEMENT

1. GOVERNING BOARD CHAIRMAN DAVIGNON MADE FOLLOWING  
REMARKS, INTER ALIA TO PRESS CONFERENCE MARCH 20  
CONCERNING GB AGREEMENT ON LONG-TERM COOPERATION ISSUES.  
DEPARTMENT MAY WISH TO RETRANSMIT TEXT TO OTHER INTER-  
ESTED ADDRESSEES:

2. BEGIN TEXT: THE POLICY CONCEPT THAT WE HAVE ADOPTED  
TODAY, AND WHICH RELATES TO ALTERNATE SOURCES OF ENERGY,  
PROVIDES FOR THREE INTER-LINKED MEASURES OF COOPERATION.  
THIS MEANS A PACKAGE. THE FIRST ELEMENT CONCERNs THE  
AGREEMENT MADE TO ENCOURAGE AND SAFEGUARD INVESTMENTS IN  
THE BULK OF CONVENTIONAL ENERGY SOURCES. CONVENTIONAL  
ENERGY SOURCES MEAN FOSSIL, HYDROELECTRIC AND NUCLEAR  
SOURCES. TO ENCOURAGE AND SAFEGUARD INVESTMENT, THIS IS  
THE OBJECTIVE. THIS IMPLIES A MINIMUM, COMMON SAFE-  
GUARDED LEVEL OF PRICE BELOW WHICH IMPORTED OIL SHOULD  
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NOT BE SOLD ON DOMESTIC MARKETS. THE BOARD HAS NOT DIS-

CUSSED, AND SOHAS NOT DECIDED THIS MINIMUM LEVEL OF PRICE, AND IT WILL NOT BE DOING SO BEFORE WE HAVE WORKED OUT THE OPERATION OF THE SYSTEM. ON THESE IMPORTANT QUESTIONS WE WILL ALSO NATURALLY BE TAKING ACCOUNT OF WHAT OCCURS IN THE CONSUMER/PRODUCER DISCUSSIONS. THE SECOND INTER-LINKED MEASURE RELATES TO THE AGREEMENT THAT WE HAVE MADE TO ESTABLISH AN OVERALL FRAMEWORK OF COOPERATION TO PROVIDE ASSISTANCE ON A PROJECT BY PROJECT BASIS TO ALTERNATIVE SOURCES PROJECTS. FINALLY, WE HAVE AGREED TO IMPLEMENT RESEARCH AND DEVELOPMENT PROJECTS IN THREE PARTICULAR AREAS. THE DECISION THAT WE HAVE TAKEN TODAY CARRIES WITH IT THE ACCEPTANCE OF ALL MEMBERS THAT THE WAY IN WHICH WE WILL CARRY IT OUT WILL HAVE TO BE EQUITABLE FOR ALL IEA COUNTRIES SO AS TO HAVE A FAIR BALANCE OF ADVANTAGE, ECONOMICALLY AND SOCIALLY, BETWEEN THEM. SO AS YOU NOW SEE WE HAVE FINISHED OUR FIRST STAGE WORK WE BEGAN AT THE END OF LAST YEAR, WHICH RELATED TO THE THREE BIG FIELDS OF OUR ACTIVITIES, ONE WAS ENERGY CONSERVATION, THE OTHER WAS A SAFETY NET WHICH WAS AGREED ON LAST WEEK IN THE MONETARY FIELD, THE THIRD IS THIS PROPOSITION FOR DEVELOPMENT OF ALTERNATE SOURCES OF ENERGY. AS REGARDS OUR COMMITMENTS UNDER ARTICLE 43 OF THE TREATY WE WILL BE TAKING THE IMPLEMENTATION DECISIONS ON ALL OF THIS BEFORE THE FIRST OF JULY, 1975. THIS WAS PROVIDED FOR IN THE IEP AGREEMENT ITSELF AND WE INTEND TO KEEP TO THAT SCHEDULE. WE RECOGNIZE THAT A LOT OF WORK STILL HAS TO BE DONE AND WE HAVE GIVEN DETAILED INSTRUCTIONS TO THE STANDING GROUPS TO DO THIS WORK AND TO ELABORATE ON THIS AGREED CONCEPT SO THAT WE WOULD BE IN A POSITION TO HAVE NOT ONLY A CONCEPT BUT A SYSTEM BY THEN (JULY 1, 1975). IT IS POSSIBLE THAT ADJUSTMENTS WILL BE MADE DUE TO TECHNICAL CONSIDERATIONS AND TO THE RESULTS OF OUR STUDY AND THERE ALSO MAY BE ADAPTATIONS TO TAKE INTO ACCOUNT THE RESULT OF THE PRODUCER/CONSUMER DISCUSSIONS. THE DECISION THAT WE HAVE TAKEN TODAY MEANS THAT THE GOVERNING BOARD SUGGESTS NOW TO THE INDIVIDUAL GOVERNMENTS WHO ARE INVITED BY THE PRESIDENT OF THE FRENCH REPUBLIC TO ATTEND THE 7 APRIL MEETING WITH THE PRODUCERS TO BE THERE AND TO ATTEND. THE IEA UNCLASSIFIED

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WILL ATTEND AS AN OBSERVER, IT HAS RECEIVED AN INVITATION IN THIS CONTEXT AND HAS ACCEPTED IT. END TEXT.

3. QUESTIONS AND ANSWERS. BEGIN TEXT:

Q: WAS THE GOVERNING BOARD DECISION TAKEN UNANIMOUSLY?  
A: THIS TYPE OF DECISION COVERS WITH IT NEW OBLIGATIONS NOT SPECIFICALLY PROVIDED FOR BY THE TREATY, WHICH MEANS THAT IT MUST BE BY UNANIMOUS DECISION. IT WAS

A UNANIMOUS DECISION.

Q: DID SWEDEN BACK THE DECISION? DID IT PUT ANY  
RESERVATIONS ON IT?

A: THERE WERE A NUMBER OF DELEGATIONS WHICH HAD  
COMMENTS TO MAKE. SWEDEN WAS AMONG THOSE DELEGATIONS  
AND YOU SHOULD ASK SWEDEN WHAT ITS POSITION WAS.  
THE LEGAL SITUATION IS THAT THE DECISION WAS CARRIED  
UNANIMOUSLY BY THE BOARD.

Q: WAS SWEDEN THE ONLY ABSTENTION?

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A: THERE WAS NO OTHER ABSTENTION.

Q: IS SWEDEN BOUND TO FOLLOW THE SAFEGUARD PRICE?

A: THE LEGAL SITUATION FIRST: ART. 61 AND 62 NOTE THAT  
AN ABSTENTION DOES NOT BLOCK THE CONSENSUS OF THE  
GOVERNING BOARD, SO THE GOVERNING BOARD HAD TO DECIDE BY  
UNANIMITY TO HAVE A BINDING DECISION. THE PARTICULAR  
POSITION THAT ONE COUNTRY MIGHT HAVE TAKEN DOES NOT

AFFECT THIS DECISION. THIS IS ABSOLUTELY CLEAR. WHAT WE HAVE DECIDED IS ON A POLICY CONCEPT. THIS POLICY CONCEPT CARRIES WITH IT THESE THREE INTER-LINKED MEASURES, WITH THE FACT THAT ONE OF THESE MEASURES IS A SYSTEM FOR SAFEGUARDING INVESTMENT. NOW A LOT OF WORK HAS TO BE MADE TO DEVELOP THIS SYSTEM IN THE THREE PARTICULAR FIELDS AND A NEW UNANIMOUS DECISION WILL HAVE TO BE TAKEN TO IMPLEMENT THIS SYSTEM.

Q: HOW CAN ONE COMMON PRICE GIVE A FAIR BALANCE ECONOMICALLY AND SOCIALLY?

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A: I DIDN'T SAY THE PRICE WOULD DO THAT; I SAID THE WHOLE SYSTEM WOULD. YOU MUST NOT LEAVE OUT THE SECOND ASPECT WHICH IS THE PROJECT BY PROJECT UNDER R & D. IT IS THE WHOLE PACKAGE WHICH MUST BE BALANCED.

Q: WHY DIDN'T YOU AGREE ON A COMMON PRICE LEVEL?

A: WE NEVER DREAMED OF TRYING TO FIX A COMMON MINIMUM PRICE BEFORE WE HAVE DEVELOPED OUR SYSTEM, AND BEFORE WE HAVE HAD INDICATIONS FROM THE PRODUCER/CONSUMER DIALOGUE.

Q: WILL THIS MINIMUM PRICE BE NEGOTIATED WITH THE PRODUCERS OR DECIDED UNILATERALLY?

A: IT IS A QUESTION WHICH IS INTERNAL TO THE INDUSTRIALIZED COUNTRIES, WHICH AIMS AT INVESTMENTS AND DOES NOT AIM AT THE QUESTION OF A NEGOTIATED PRICE (FOR OIL), WHICH IS ANOTHER MATTER AND WHICH WOULD BE EXAMINED WITHIN THE FRAMEWORK OF THE PRODUCER/CONSUMER DIALOGUE. END TEXT

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